

**TOWN OF ABITA SPRINGS,
LOUISIANA**

**Report on Audit of
Financial Statements**

**Fiscal Year Ended
December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

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Independent Auditor's Report

The Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the Town), as of the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Town of Abita Springs, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2007, on our consideration of Town of Abita Springs, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Management's Discussion and Analysis, beginning on page 3, and the General Fund budgetary comparison schedule on pages 39 through 41 are not required parts of the financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and budgetary comparison schedule and the schedule of compensation paid to the members of the Board of Aldermen listed under Other Supplemental Information and the schedule of expenditures of federal awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are not required parts of the basic financial statements of the Town of Abita Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

June 4, 2007

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2006

As management of the Town of Abita Springs, Louisiana (the Town), we offer readers of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2006, and for the year then ended.

Overview of Financial Statements

The Town adopted GASB Statement No. 34 on January 1, 2004. Under this new pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Assets:** (page 9) This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities:** (page 10) This statement presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. **Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund, Capital Project Fund, and the Debt Service Fund.

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2006

2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary fund is the Utility Fund.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Financial Highlights

At December 31, 2006, the Town's assets exceeded its liabilities by \$2,466,835 (*net assets*). Of this amount, \$691,386 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net assets increased by \$135,708 for the year ended December 31, 2006.

At December 31, 2006, the Town's governmental funds reported combined ending fund balances of \$1,091,920. Combined governmental fund balance decreased by \$382,881 for the year ended December 31, 2006.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	Governmental Activities	Business-Type Activities	2006	2005
Assets				
Current Assets	\$ 1,604,338	\$ 708,484	\$ 2,312,822	\$ 4,345,561
Other Assets	14,801	14,216	29,017	32,144
Capital Assets	908,550	2,408,321	3,316,871	2,724,551
Total Assets	2,527,689	3,131,021	5,658,710	7,102,256
Liabilities				
Current and Other Liabilities	538,964	251,002	789,966	2,533,129
Long-Term Liabilities	1,037,000	1,364,909	2,401,909	2,238,000
Total Liabilities	1,575,964	1,615,911	3,191,875	4,771,129
Net Assets				
Invested in Capital Assets, Net of Related Debt	(128,450)	1,511,365	1,382,915	1,130,586
Restricted	266,367	126,167	392,534	314,281
Unrestricted	813,808	(122,422)	691,386	886,260
Total Net Assets	\$ 951,725	\$ 1,515,110	\$ 2,466,835	\$ 2,331,127

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2006

The amount invested in capital assets, net of related debt, represents 56% of total net assets. Net assets invested in capital assets consist of land, buildings, and equipment less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

A condensed version of the government-wide Statement of Activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services	\$ 11,895	\$ 25,130	\$ 1,261,302	\$ 1,213,895	\$ 1,273,197	\$ 1,239,025
Operating Grants	735,765	3,837,713	-	-	735,765	3,837,713
Capital Grants and Contributions	-	-	-	21,693	-	21,693
General Revenues:						
Taxes	994,297	745,718	-	-	994,297	745,718
Licenses and Permits	138,317	127,275	-	-	138,317	127,275
Fines and Forfeitures	129,284	93,819	-	-	129,284	93,819
Investment Earnings	53,951	24,099	8,194	9,452	62,145	33,551
Other	186,981	56,936	18,686	16,010	205,667	72,946
Total Revenues	2,250,490	4,910,690	1,288,182	1,261,050	3,538,672	6,171,740
Expenses						
General Government	671,827	625,514	-	-	671,827	625,514
Public Safety	395,134	300,135	-	-	395,134	300,135
Hurricane	884,058	3,522,631	-	-	884,058	3,522,631
Cemetery	6,376	8,050	-	-	6,376	8,050
Recreation	7,211	4,840	-	-	7,211	4,840
Public Works	16,923	-	-	-	16,923	-
Utility	-	-	1,331,296	1,174,271	1,348,219	1,174,271
Ammonitization of Bond Interest Costs	1,057	-	-	-	1,057	-
Interest on Long-Term Debt	40,613	36,330	48,469	50,801	89,082	87,131
Total Expenses	2,023,199	4,497,500	1,379,765	1,225,072	3,419,887	5,722,572
Changes in Net Assets Before Transfers	227,291	413,190	(91,583)	35,978	118,785	449,168
Transfers	25,000	25,000	(25,000)	(25,000)	-	-
Changes in Net Assets	252,291	438,190	(116,583)	10,978	118,785	449,168
Net Assets, Beginning of Year	699,434	261,244	1,631,693	1,620,715	2,331,127	1,881,959
Net Assets, End of Year	\$ 951,725	\$ 699,434	\$ 1,515,110	\$ 1,631,693	\$ 2,449,912	2,331,127

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2006

Financial Analysis of the Funds

The Town's General Fund had an increase in fund balance of \$18,079 for the year ended December 31, 2006. The Town's Cemetery Special Revenue Fund had an increase in fund balance of \$22,114 for the year ended December 31, 2006. The Town's Debt Service Fund had an increase in fund balance of \$11,721 for the year ended December 31, 2006. The Town's Capital Project Fund had a decrease of \$435,805 for the year ended December 31, 2006. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the Town adopts a budget for its General Fund and Special Revenue Fund. During the year ended December 31, 2006, the Town amended its General Fund budget. During the year ended December 31, 2006, the General Fund actual expenditures exceeded budgeted appropriations by \$58,230.

Capital Asset Administration

Capital assets, net of accumulated depreciation, increased by \$592,320 for the year ended December 31, 2006.

Debt Administration

The Town's total long-term debt increased by \$27,923 during the year ended December 31, 2006. This was the result of the Town entering into a capital lease of \$66,969 for equipment with \$5,060 of schedule payments during the year, the drawdown of \$100,000 of a Community Disaster Loan and scheduled debt payments of \$133,986.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need of additional information should be directed to Donna Kilpatrick, Municipal Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,073,288	\$ 41,392	\$ 1,114,680
Cash - Construction	-	172,953	172,953
Certificate of Deposit	63,545	-	63,545
Cash and Cash Equivalents - Restricted	-	322,068	322,068
Equity in Pooled Cash	153,379	657	154,036
Receivables, Net	314,126	156,769	470,895
Prepaid Insurance	-	345	345
Prepaid Other	-	14,300	14,300
Bond Issuance Cost, Net	14,801	14,216	29,017
Capital Assets, Net	908,550	2,408,321	3,316,871
Total Assets	2,527,689	3,131,021	5,658,710
Liabilities			
Accounts Payable	324,197	93,385	417,582
Accrued Expenses	15,200	-	15,200
Pooled Cash in Other Funds	106,320	47,716	154,036
Accrued Interest Payable	12,993	14,866	27,859
Meter Deposits	-	95,035	95,035
Compensated Absences	13,553	-	13,553
Deferred Revenue	66,701	-	66,701
Notes Payable - Community Disaster Loan			
Due in More than One Year	-	209,000	209,000
Capital Lease Payable			
Due in One Year	-	12,468	12,468
Due in More than One Year	-	49,441	49,441
Bonds Payable			
Due in One Year	49,000	56,000	105,000
Due in More than One Year	988,000	942,000	1,930,000
Certificates of Indebtedness			
Due in One Year	-	30,000	30,000
Due in More than One Year	-	66,000	66,000
Total Liabilities	1,575,964	1,615,911	3,191,875
Net Assets			
Invested in Capital Assets, Net of Related Debt	(128,450)	1,511,365	1,382,915
Restricted	266,367	126,167	392,534
Unrestricted	813,808	(122,422)	691,386
Total Net Assets	\$ 951,725	\$ 1,515,110	\$ 2,466,835

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2006

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 671,827	\$ 11,895	\$ 15,250	\$ -	\$ (644,882)	\$ -	\$ (644,882)
Public Safety	395,134	-	-	-	(395,134)	-	(395,134)
Public Works	16,923	-	-	-	(16,923)	-	(16,923)
Hurricane	884,058	-	720,515	-	(163,543)	-	(163,543)
Cemetery	6,376	-	-	-	(6,376)	-	(6,376)
Recreation	7,211	-	-	-	(7,211)	-	(7,211)
Amortization of Bond Issuance Cost	1,057	-	-	-	(1,057)	-	(1,057)
Interest on Long-Term Debt	40,613	-	-	-	(40,613)	-	(40,613)
Total Governmental Activities	2,023,199	11,895	735,765	-	(1,275,539)	-	(1,275,539)
Business-Type Activities							
Utilities	1,331,296	1,261,302	-	-	-	(69,994)	(69,994)
Interest on Long-Term Debt	48,469	-	-	-	-	(48,469)	(48,469)
Total Business-Type Activities	1,379,765	1,261,302	-	-	-	(118,463)	(118,463)
Total	\$ 3,402,964	\$ 1,273,197	\$ 735,765	\$ -	(1,275,539)	(118,463)	(1,394,002)
General Revenues							
Property Taxes					191,351	-	191,351
Franchise Taxes					88,593	-	88,593
Sales Taxes					707,281	-	707,281
Other Taxes					7,072	-	7,072
Licenses and Permits					43,820	-	43,820
Fines and Forfeitures					129,284	-	129,284
Insurance Licenses					94,497	-	94,497
Investment Earnings					53,951	8,194	62,145
Sale of Plots					23,000	-	23,000
Other General Revenues					163,981	18,686	182,667
Transfers					25,000	(25,000)	-
Total General Revenues and Transfers					1,527,830	1,880	1,529,710
Change in Net Assets					252,291	(116,583)	135,708
Net Assets, Beginning of Year					699,434	1,631,893	2,331,127
Net Assets, End of Year					\$ 951,725	\$ 1,515,110	\$ 2,466,835

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TOWN OF ABITA SPRINGS, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2006

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 794,912	\$ 100,701	\$ 63,949	\$ 113,726	\$ 1,073,288
Equity in Pooled Cash	54,286	62,632	-	36,461	153,379
Certificate of Deposit	33,503	-	-	30,042	63,545
Receivables					
Property Taxes, Net	90,021	98,176	-	-	188,197
Sales Taxes	53,323	-	-	-	53,323
Federal Emergency Management Agency	44,300	-	-	-	44,300
Other	28,306	-	-	-	28,306
Due from Other Funds	-	-	-	1,922	1,922
Total Assets	\$ 1,098,651	\$ 261,509	\$ 63,949	\$ 182,151	\$ 1,606,260
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$ 265,692	\$ -	\$ 58,505	\$ -	\$ 324,197
Accrued Expenses	15,200	-	-	-	15,200
Pooled Cash in Other Funds	105,734	-	586	-	106,320
Deferred Revenue	66,701	-	-	-	66,701
Due to Other Funds	1,922	-	-	-	1,922
Total Liabilities	455,249	-	59,091	-	514,340
Fund Balances					
Unreserved	643,402	-	-	182,151	825,553
Reserved for Capital Outlay	-	-	4,858	-	4,858
Reserved for Debt Service	-	261,509	-	-	261,509
Total Fund Balances	643,402	261,509	4,858	182,151	1,091,920
Total Liabilities and Fund Balances	\$ 1,098,651	\$ 261,509	\$ 63,949	\$ 182,151	\$ 1,606,260

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Assets
December 31, 2006

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund Balances - Total Governmental Funds	\$ 1,091,920
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Governmental Capital Assets	1,260,253
Less: Accumulated Depreciation	(351,703)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued Interest	(12,993)
Compensated Absences	(13,553)
Bond Issuance Cost	14,801
Bonds Payable	<u>(1,037,000)</u>
Net Assets of Governmental Activities	<u>\$ 951,725</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property Taxes	\$ 97,609	\$ 93,742	\$ -	\$ -	\$ 191,351
Franchise Taxes	88,593	-	-	-	88,593
Sales Taxes	707,281	-	-	-	707,281
Other	7,072	-	-	-	7,072
Licenses and Permits	43,820	-	-	-	43,820
Intergovernmental Grants	15,250	-	-	-	15,250
Insurance Licenses	94,497	-	-	-	94,497
Rentals	11,895	-	-	-	11,895
Fines and Forfeitures	129,284	-	-	-	129,284
Interest Income	31,476	2,125	17,100	3,250	53,951
FEMA Reimbursements	720,515	-	-	-	720,515
Sale of Cemetery Plots	-	-	-	23,000	23,000
Other Revenues	161,017	-	-	3,250	164,267
Total Revenues	2,108,309	95,867	17,100	29,500	2,250,776
Expenditures					
General Government	715,505	-	452,905	-	1,168,410
Public Safety	347,735	-	-	-	347,735
Clerk of Court	41,043	-	-	-	41,043
Cemetery	-	-	-	6,376	6,376
Recreation	7,211	-	-	-	7,211
Hurricane Expenditures	884,058	-	-	-	884,058
Land Purchase	119,678	-	-	-	119,678
Debt Service					
Principal	-	43,000	-	-	43,000
Interest	-	41,146	-	-	41,146
Total Expenditures	2,115,230	84,146	452,905	6,376	2,658,657
Excess (Deficit) of Revenues Over Expenditures	(6,921)	11,721	(435,805)	23,124	(407,881)
Other Financing Sources (Uses)					
Operating Transfers In	25,000	-	-	-	25,000
Total Other Financing Sources	25,000	-	-	-	25,000
Changes in Fund Balances	18,079	11,721	(435,805)	23,124	(382,881)
Fund Balances, Beginning of Year	625,323	249,788	440,663	159,027	1,474,801
Fund Balances, End of Year	\$ 643,402	\$ 261,509	\$ 4,858	\$ 182,151	\$ 1,091,920

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Government-Wide Statement of Activities
For the Year Ended December 31, 2006

Amounts reported for governmental activities in the Statement of Activities
are different because:

Change in Fund Balances - Total Governmental Funds	\$ (382,881)
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Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Capital Asset Additions	633,585
Depreciation of Capital Assets	(29,116)

Amortization of Bond Issuance Cost	(1,057)
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Change in Prepaid Insurance	(806)
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Change in Compensated Absences	(10,681)
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Change in Accrued Interest	247
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	<u>43,000</u>
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Change in Net Assets of Governmental Activities	<u>\$ 252,291</u>
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The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUND**

Statement G

TOWN OF ABITA SPRINGS, LOUISIANA
 Statements of Net Assets
 Proprietary Fund
 December 31, 2006 and 2005

	2006	2005
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 41,392	\$ 25,706
Cash - Construction	172,953	146,021
Equity in Pooled Cash	657	657
Accounts Receivable, Net	156,769	238,708
Prepaid Other	14,300	-
Prepaid Insurance	345	345
Total Current Assets	386,416	411,437
Restricted Assets		
Cash	322,068	244,150
Total Restricted Assets	322,068	244,150
Long-Term Assets		
Capital Assets, Net	2,408,321	2,420,470
Total Long-Term Assets	2,408,321	2,420,470
Other Assets		
Bond Issuance Cost	14,216	16,286
Total Assets	3,131,021	3,092,343
Liabilities		
Current Liabilities		
Accounts Payable	93,385	137,051
Pooled Cash in Other Funds	47,716	33,956
Capital Leases, Current Portion	12,468	6,986
Total Current Liabilities	153,569	177,993
Current Liabilities (Payable from Restricted Assets)		
Accrued Interest Payable	14,868	15,036
Revenue Bonds Payable, Current Portion	56,000	55,000
Certificates of Indebtedness, Current Portion	30,000	29,000
Customer Meter Deposits	95,035	89,621
Total Current Liabilities (Payable from Restricted Assets)	195,901	188,657
Long-Term Liabilities		
Capital Leases, Net of Current Portion	49,441	-
Revenue Bonds, Net of Current Portion	942,000	998,000
Certificates of Indebtedness, Net of Current Portion	66,000	96,000
Community Disaster Loan	209,000	-
Total Long-Term Liabilities	1,266,441	1,094,000
Total Liabilities	1,615,911	1,460,650
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,511,365	1,456,505
Restricted Net Assets	128,167	84,493
Unrestricted Net Assets	(122,422)	110,695
Total Net Assets	\$ 1,515,110	\$ 1,631,693

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Statements of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Years Ended December 31, 2006 and 2005

	2006	2005
Operating Revenues		
Charges for Services:		
Gas Sales	\$ 483,002	\$ 633,776
Water Sales	150,842	134,783
Sewer Service Charges	210,348	195,418
Garbage Collection Fees	146,497	136,610
Impact Fees	74,795	26,500
Miscellaneous and Other Fees	195,818	86,808
Total Operating Revenues	1,261,302	1,213,895
Operating Expenses		
Administrative and General	168,649	122,356
Gas Purchased	401,822	440,069
Gas System	184,922	105,806
Water System	151,612	95,051
Sewerage System	194,141	194,449
Garbage Collection	113,580	107,984
Depreciation	114,499	106,485
Amortization of Bond Issuance Cost	2,071	2,071
Total Operating Expenses	1,331,296	1,174,271
Operating (Loss) Income	(69,994)	39,624
Non-Operating Revenues (Expenses)		
Cell Tower Lease	18,686	16,010
Interest Expense	(48,469)	(50,801)
Interest Income	8,194	9,452
Total Non-Operating Expenses	(21,589)	(25,339)
Net (Loss) Income Before Transfers and Grants	(91,583)	14,285
Transfers and Grants		
Capital Grants	-	21,693
Operating Transfers	(25,000)	(25,000)
Total Transfers and Grants	(25,000)	(3,307)
Change in Net Assets	(116,583)	10,978
Net Assets, Beginning of Year	1,631,693	1,620,715
Net Assets, End of Year	\$ 1,515,110	\$ 1,631,693

The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Statements of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 1,343,241	\$ 1,132,840
Payments to Suppliers	(1,092,956)	(946,388)
Payments to Employees	(179,736)	(105,347)
Net Cash Provided by Operating Activities	70,549	81,105
Cash Flows from Noncapital Financing Activities		
Transfers Out	(25,000)	(25,000)
Increase in Meter Deposits	5,414	1,838
Interfund Borrowings (Repayments)	13,758	(43,252)
Net Cash Used in Noncapital Financing Activities	(5,830)	(66,414)
Cash Flows from Capital and Related Financing Activities		
Receipts from Tower Lease	18,688	16,010
Purchase of Capital Assets	(102,349)	(90,273)
Grants Receipts	-	21,693
Proceeds of Community Disaster Loan	209,000	-
Proceeds of Capital Lease	68,969	-
Interest Paid on Leases, Bonds and Certificates	(48,639)	(49,503)
Principal Paid on Capital Leases	(12,046)	(8,174)
Principal Paid on Bonds and Certificates	(84,000)	(58,000)
Net Cash Provided by (Used in) Capital and Related Financing Activities	47,623	(168,247)
Cash Flows from Investing Activities		
Interest Earned on Investments and Certificates	8,194	9,452
Net Cash Provided by Investing Activities	8,194	9,452
Net Increase (Decrease) in Cash and Cash Equivalents	120,536	(144,104)
Cash and Cash Equivalents, Beginning of Year	415,877	559,981
Cash and Cash Equivalents, End of Year	\$ 536,413	\$ 415,877
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities		
Operating (Loss) Income	\$ (89,994)	\$ 39,624
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities:		
Depreciation	114,499	106,485
Amortization of Bond Issuance Cost	2,071	2,071
Changes in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	81,939	(81,055)
(Increase) Decrease in Prepaid Insurance	(14,300)	4,147
(Decrease) Increase in Accounts Payable	(43,666)	9,833
Net Cash Provided by Operating Activities	\$ 70,549	\$ 81,105

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Introduction

The Town of Abita Springs, Louisiana (the Town) was incorporated in 1914, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Abita Springs, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Town has determined that there are no component units that are part of the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the Town's governmental funds and proprietary fund.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

December 31, 2006

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Capital Project Fund - The Capital Project Fund is used to account for the use of \$450,000 in Series 2005 General Obligation Bonds for the purpose of street improvements.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

The Town uses a proprietary fund to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

December 31, 2006

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer and garbage collection services. Operating expenses for the Town's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse. The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a.) The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information.
- b.) The proposed budget is made available for public inspection.
- c.) A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

Cash, Cash Equivalents and Investments

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the investment balances of the participating funds during the year. Each fund's portion of the pooled cash is included in equity or deficit in pooled cash on the accompanying combined balance sheet.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Investments (Continued)

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by Government Auditing Standards Board Statement No. 31, are reported at fair value, which is determined using published market prices.

Sales Taxes

The Town imposes a two-percent sales and use tax. One and one half-percent of this tax is designated for general Town purposes. One half percent of this tax is designated for the Town's police department. The Town accounts for all of its sales taxes in the General Fund.

Accumulated Unpaid Vacation Leave and Sick Pay

Employees accrue vacation leave at the rate of 5 to 15 days per year, according to years of service with the Town. Unused vacation lapses at the employees' anniversary date. Employees accrue sick leave of up to 10 days per year, according to years of service with the Town. Employees are allowed to carry forward unused sick leave from year to year. Upon termination, or at retirement, employees are paid for unused sick leave at the discretion of the Town. At retirement, employees are paid for all accrued vacation leave. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is to be reported as an expenditure and a fund liability of the General Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are to be reported in the government-wide statement of net assets.

Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal Balances".

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectability of the particular receivable. The allowance is \$31,337 at December 31, 2006.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture and fixtures. The threshold for infrastructure and improvements is \$25,000.

The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. In accordance with GASB Statement No. 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Infrastructure	40 Years
Buildings and Building Improvements	20 - 40 Years
Utility Systems	30 - 40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 - 15 Years

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

Government-Wide Statements (Continued)

3. Restricted net assets – Net assets with constraints placed on the use either by
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments.
 - b. Law through constitutional provisions or enabling legislation.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

See Page 23 for the procedures the Town follows regarding budgets and budgetary accounting.

The Town does not utilize encumbrance accounting.

Note 2. Stewardship, Compliance and Accountability

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2006, the Town had \$1,759,096 in deposits that were secured by collateral.

Deficit Fund Balance

As of December 31, 2006, no funds had a deficit fund balance.

TOWN OF ABITA SPRINGS, LOUISIANA

**Notes to Financial Statements
December 31, 2006**

Note 3. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At year-end, the carrying amount of the Town's bank deposits was \$1,600,065, which included \$63,545 in certificates of deposit, and the bank balance was \$1,759,096. The difference was primarily due to outstanding checks. Of the bank balances, \$263,546 was covered by federal depository insurance and \$1,495,550 was secured by bank-owned securities specifically pledged to the Town and held by an independent custodian bank jointly in the name of the Town and the bank.

The following is a reconciliation of cash and cash equivalents per the statement of net assets of the Proprietary Fund to the cash and cash equivalents per the statement of cash flows:

Cash and Cash Equivalents Per Balance Sheet:	
Cash on Hand and in Bank	\$ 41,392
Cash Construction	172,953
Restricted:	
Bond Sinking	68,307
Bond Reserve	43,701
Capital Additions and Contingency	61,585
Sewer Debt Service	16,374
Meter Deposits	<u>132,101</u>
 Total Cash and Cash Equivalents Per Statements of Cash Flows	 <u>\$536,413</u>

TOWN OF ABITA SPRINGS, LOUISIANA

**Notes to Financial Statements
December 31, 2006**

Note 4. Receivables

The net receivables at December 31, 2006, are as follows:

	General Fund	Debt Service Fund	Enterprise Funds	Total
Taxes:				
Property	\$ 90,021	\$ 98,176	\$ -	\$ 188,197
Sales and Use	53,323	-	-	53,323
Other	28,306	-	-	28,306
FEMA	44,300	-	-	44,300
Utility Accounts	-	-	156,769	156,769
	<u>\$ 215,950</u>	<u>\$ 98,176</u>	<u>\$ 156,769</u>	<u>\$ 470,895</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$31,337 for the Business-Type Activities.

Note 5. Property Taxes

Property taxes are normally levied and billed in December of each year and are due in February of the following year. Revenues are recognized when levied to the extent they are determined to be currently collectible. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Tammany Parish. The Ad Valorem taxes receivable are recorded net of allowance of \$38,720 on the accompanying balance sheet. For the year ended December 31, 2006, the Town levied taxes of 7.86 mills for general purposes and 9.00 mills for debt service.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2006:

	Balance January 1, 2006	Increases	Decreases	Balance December 31, 2006
Governmental Activities				
Capital Assets Not Depreciated:				
Land	\$ 40,711	\$ 119,678	\$ -	\$ 160,389
Capital Assets Being Depreciated:				
Infrastructure	58,240	452,905	-	511,145
Machinery and Equipment	99,508	61,002	-	160,510
Office Equipment and Furniture	18,285	-	-	18,285
Buildings and Improvements	330,379	-	-	330,379
Police Machinery and Equipment	44,280	-	-	44,280
Police Furnitures and Fixtures	4,982	-	-	4,982
Police Transportation Equipment	30,283	-	-	30,283
Total Capital Assets Being Depreciated	585,957	513,907	-	1,099,864
Accumulated Depreciation for:				
Infrastructure	(2,202)	(2,400)	-	(4,602)
Machinery and Equipment	(59,563)	(15,467)	-	(75,030)
Office Equipment and Furniture	(14,834)	(1,207)	-	(16,041)
Buildings and Improvements	(186,072)	(4,978)	-	(191,050)
Police Machinery and Equipment	(32,202)	(2,891)	-	(35,093)
Police Furnitures and Fixtures	(4,982)	-	-	(4,982)
Police Transportation Equipment	(22,732)	(2,173)	-	(24,905)
Total Accumulated Depreciation	(322,587)	(29,116)	-	(351,703)
Total Capital Assets Being Depreciated, Net	263,370	484,791	-	748,161
Totals	\$ 304,081	\$ 604,469	\$ -	\$ 908,550

TOWN OF ABITA SPRINGS, LOUISIANA

**Notes to Financial Statements
December 31, 2006**

Note 6. Capital Assets (Continued)

Depreciation was charged to governmental functions as follows:

General Government	\$24,052
Public Safety – Police	<u>5,064</u>
Total	<u>\$29,116</u>

	Balance January 1, 2006	Increases	Decreases	Balance December 31, 2006
Business-Type Activities				
Capital Assets Being Depreciated:				
Gas Distribution System	\$ 49,993	\$ -	\$ -	\$ 49,993
Water Distribution System	1,431,038	-	-	1,431,038
Sewer Plant and Lines	2,332,645	-	-	2,332,645
Automobiles	23,600	-	-	23,600
Machinery and Equipment	55,534	102,349	-	157,883
Computer Equipment and Software	12,368	-	-	12,368
Buildings and Improvements	35,808	-	-	35,808
Total Capital Assets Being Depreciated	<u>3,940,986</u>	<u>102,349</u>	<u>-</u>	<u>4,043,335</u>
Accumulated Depreciation for:				
Gas Distribution System	(11,247)	(1,510)	-	(12,757)
Water Distribution System	(601,264)	(29,107)	-	(630,371)
Sewer Plant and Lines	(869,557)	(63,042)	-	(932,599)
Automobiles	(5,214)	(3,714)	-	(8,928)
Machinery and Equipment	(20,960)	(15,443)	-	(36,403)
Computer Equipment and Software	(10,782)	(488)	-	(11,270)
Buildings and Improvements	(1,492)	(1,194)	-	(2,686)
Total Accumulated Depreciation	<u>(1,520,516)</u>	<u>(114,498)</u>	<u>-</u>	<u>(1,635,014)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 2,420,470</u>	<u>\$ (12,149)</u>	<u>\$ -</u>	<u>\$ 2,408,321</u>

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 7. Employee Pension Plan

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description and Provisions

All of the Town's full-time employees, other than police employees, participate in the MERS, a multiple-employer, cost sharing pension plan.

Employees can retire providing they meet one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

Description of Funding Policy

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. As of December 31, 2006, the statutory rates were 9.25% member contribution and 16.25% employer contribution of the total covered payroll. The Town's contribution requirement for the years ended December 31, 2006, 2005 and 2004, was \$38,694, \$39,016 and \$33,722, respectively, which equals the required contributions for each year.

Trend Information

Five-year historical trend information, presenting the MERS' progress in accumulating sufficient assets to pay benefits when due, is presented in the MERS December 31, 2006 annual financial report. That report may be obtained by writing to MERS at 7937 Office Park Blvd., Baton Rouge, LA 70809.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 7. Employee Pension Plan (Continued)

Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description and Provision

A majority of the Town's full-time police officers participate in the MPERS, a multiple-employer, cost sharing pension plan.

Any member is eligible for normal retirement after he or she has been a member of MPERS for one year, if he or she has 25 years of creditable service at any age or has 20 years creditable service and is age 50, or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed 100% of final salary.

A member is eligible to receive disability benefits if he was an active contributing member of MPERS, or if he is no longer a member but has 20 years creditable service established in MPERS and suffers disability, which has been certified by examination by a member of the State-wide Medical Disability Board. A service related disability requires no certain number of years of creditable service, however, a non-service connected disability requires five years of creditable service.

The disability benefits are calculated at three percent of average final compensation multiplied by years of creditable service, but shall not be less than 40% nor more than 60% of average final compensation. Upon reaching the age required for regular retirement, the disability pensioner receives the greater of disability benefit or accrued benefit earned to date of disability.

Upon the death of an active contributing member, or disability retiree, the plan provides benefits for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40-60% of the member's average final compensation.

Description of Funding Policy

Effective July 1, 1994, contributions for all member employees are established by statute at 7.5% of each employee's earnable compensation excluding overtime, but including state supplemental pay and 15.5% employer contribution. The Town's contribution requirement for the years ended December 31, 2006, 2005 and 2004 was \$21,758, \$24,081 and \$21,720, respectively, which equaled the required contributions for each year.

TOWN OF ABITA SPRINGS, LOUISIANA**Notes to Financial Statements
December 31, 2006****Note 7. Employee Pension Plan (Continued)****Municipal Police Employees Retirement System of Louisiana (MPERS)
(Continued)****Trend Information**

Six-year historical trend information, presenting the MPERS' progress in accumulating sufficient assets to pay benefits when due, is presented in the MPERS December 31, 2006 annual financial statements. That report may be obtained by writing to MPERS at 8550 United Plaza Blvd., Suite 501, Baton Rouge, LA 70809.

Note 8. Interfund Transfers

During the years ended December 31, 2006, the Utility Proprietary Fund transferred to the General Fund \$25,000.

Note 9. Long-Term Debt

The following is a summary of long-term debt activity for the year ended December 31, 2006:

	Note Payable	Governmental Activities General Obligation Bonds	Revenue Bonds	Business-Type Activities Certificates of Indebtedness	Capital Lease	Total
Balance January 1, 2006	\$ 109,000	\$ 1,080,000	\$ 1,053,000	\$ 125,000	\$ 6,986	\$ 2,373,986
Additions	100,000	-	-	-	66,969	166,969
Reductions	-	(43,000)	(55,000)	(29,000)	(12,046)	(139,046)
Balance December 31, 2006	\$ 209,000	\$ 1,037,000	\$ 998,000	\$ 96,000	\$ 61,909	\$ 2,401,909

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements
December 31, 2006

Note 9. Long-Term Debt (Continued)

Long-term debt is composed of the following at December 31, 2006:

General Obligation Bonds

\$400,000 General Obligation Bond Series
2001, due in annual installments through
March 2016; interest paid semi-annually
ranging from 2.5% to 4.12%; secured by
Ad Valorem tax. \$ 365,000

\$250,000 Refunding General Obligation Bonds
Series 2005, due in annual installments
through March 2015; interest paid semi-
annually ranging from 3% to 4.75%; secured
by Ad Valorem tax. 222,000

\$450,000 General Obligation Bonds Series
2005, due in annual installments through
September 2020; interest paid semi-annually
at 2.95%; secured by Ad Valorem tax. 450,000

\$1,037,000

Revenue Bonds

\$600,000 Utility Bonds dated July 8, 1998,
due in annual installments through May 1,
2018; including interest at 6.0%; secured by
revenues of the Utility System. \$ 437,000

\$350,000 Utility Refunding Bonds dated
January 8, 2004; due in annual
installments through March 1, 2030;
including interest from 3% to 5.25%;
secured by revenues of the Utility System. 333,000

\$250,000 Utility Bonds dated December 1,
2004; due in annual installments through
June 1, 2015; including interest at 4.0%;
secured by revenues of the Utility System. 228,000

\$ 998,000

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 9. Long-Term Debt (Continued)

Certificates of Indebtedness

\$180,000 Certificate of Indebtedness dated
July 8, 1998; due in annual installments through
June 1, 2008; interest paid semi-annually at
4%; secured by revenues of the Utility System. \$ 45,000

\$80,000 Certificate of Indebtedness dated
December 13, 2002; due in annual installments through
November 1, 2012; interest paid semi-annually at 4%;
secured by excess revenues of the Town. 51,000

\$ 96,000

Capital Lease

\$66,969 Capital Lease dated August 5, 2006;
due in 60 monthly installments of \$1,239 with
interest at 4.2%; secured by a piece of equipment
with a book value of \$63,183 at December 31, 2006. \$ 61,909

Notes Payable

\$209,000 Note Payable to the Federal Emergency
Management Agency dated November 29, 2005;
matures on November 28, 2010; with interest at 2.9% per
annum. At December 31, 2005, the Town had drawn only
\$109,000. \$ 209,000

General obligation bonds are secured by an annual Ad Valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2006, the Town had not exceeded this statutory limit. As of December 31, 2006, there is \$261,509 available in the Debt Service Fund to service the general obligation bonds.

Annual debt service requirements of long-term debt are as follows:

	General Obligation Bonds		Certificate of Indebtedness		Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending December 31,								
2007	\$ 49,000	\$ 38,134	\$ 30,000	\$ 3,840	\$ 56,000	\$ 33,848	\$ 12,468	\$ 2,185
2008	64,000	36,139	31,000	2,410	59,000	41,035	13,002	1,871
2009	69,000	33,671	8,000	1,400	62,000	39,020	13,559	1,314
2010	81,000	31,128	9,000	1,080	64,000	37,035	14,139	734
2011	95,000	28,046	8,000	720	67,000	33,530	8,741	154
2012 to 2016	489,000	79,186	9,000	360	360,000	118,233	-	-
2017 to 2021	200,000	18,806	-	-	161,000	56,748	-	-
2022 to 2026	-	-	-	-	85,000	33,546	-	-
2027 to 2031	-	-	-	-	84,000	9,083	-	-
	<u>\$ 1,037,000</u>	<u>\$ 285,110</u>	<u>\$ 96,000</u>	<u>\$ 8,610</u>	<u>\$ 998,000</u>	<u>\$ 400,078</u>	<u>\$ 81,909</u>	<u>\$ 6,258</u>

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 10. Excess of Expenditures over Appropriations

During the year ended December 31, 2006, the General Fund's actual expenditures of \$2,115,230 exceeded its budgeted appropriations of \$2,057,000, resulting in an unfavorable variance of \$58,230.

Note 11. Restricted Assets

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 in Utility Refunding Bonds dated January 8, 2004, and \$250,000 of Utility Revenue Bonds dated December 1, 2004. Each of the resolutions provide for certain restrictions on assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 2006:

1. Revenue Bond Sinking Fund

The resolution called for the establishment and maintenance of a Utilities Revenue Bond and Sinking Fund sufficient in amount to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable.

2. Revenue Bond Reserve Fund

The resolution called for the establishment of a Revenue Bond Reserve Fund by depositing with the designated fiscal agent bank of the Town until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the Bond. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.

3. Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$453 per month are to be deposited with the regularly designated fiscal agent of the Town.

4. Meter Deposit Fund - The Town established a meter deposit fund to help maintain customer meter deposits on hand as well as help control customer meter deposits received.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements December 31, 2006

Note 12. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2006, the Town carried insurance through various commercial carriers to cover all risks of losses. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

Note 13. Hurricane Katrina

On August 29, 2005, the Town of Abita Springs, Louisiana, was severely impacted by Hurricane Katrina. During the year ended December 31, 2006, the Town incurred expenditures relating to debris removal, repair of damaged equipment, and repair of infrastructure. The Federal Emergency Management Agency reimbursed the Town \$720,515 during 2006. The Town does not expect that its future revenues will be affected by the storm.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULE

TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Taxes:				
Property Taxes	\$ 70,000	\$ 80,000	\$ 97,609	\$ 17,609
Franchise Taxes	65,000	75,000	88,593	13,593
Sales Taxes	450,000	600,000	707,281	107,281
Other	8,500	8,500	7,072	(1,428)
Licenses and Permits	40,000	45,500	43,820	(1,680)
Intergovernmental Grants	25,000	15,000	15,250	250
Insurance Licenses	84,500	95,000	94,497	(503)
Rentals	3,000	5,000	11,895	6,895
Fines and Forfeitures	60,000	90,000	129,284	39,284
Interest Income	4,000	20,000	31,476	11,476
Hurricane Grant	-	775,000	720,515	(54,485)
Other Revenues	40,000	123,000	161,017	38,017
Total Revenues	850,000	1,932,000	2,108,309	176,309
Expenditures				
General Government	996,000	659,000	715,505	(56,505)
Public Safety	284,100	362,000	347,735	14,265
Clerk of Court	40,900	32,000	41,043	(9,043)
Recreation	4,000	4,000	7,211	(3,211)
Land Purchase	-	120,000	119,678	322
Hurricane Expenditures	-	880,000	884,058	(4,058)
Total Expenditures	1,325,000	2,057,000	2,115,230	(58,230)
Excess (Deficit) of Revenues Over Expenditures	(475,000)	(125,000)	(6,921)	118,079
Other Financing Sources				
Proceeds of Debt	450,000	100,000	-	(100,000)
Operating Transfers In	25,000	25,000	25,000	-
Total Other Financing Sources	475,000	125,000	25,000	(100,000)
Change In Fund Balance	\$ -	\$ -	18,079	\$ 18,079
Fund Balance, Beginning of Year			625,323	
Fund Balance, End of Year			\$ 643,402	

TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
General Government				
Salaries	\$ 240,000	\$ 220,000	\$ 238,795	\$ (18,795)
Aldermen	24,000	24,000	25,000	(1,000)
Employee Insurance and Benefits	76,000	90,000	97,201	(7,201)
Accounting and Auditing	15,000	15,000	11,101	3,899
Advertising and Publication	3,500	3,000	3,273	(273)
Advocacy Center	1,000	-	-	-
Animal Control	1,000	500	-	500
Auto Gas	5,000	6,000	9,153	(3,153)
Auto Repairs & Maintenance	4,000	8,000	5,433	2,567
Billing	4,000	4,000	3,195	805
Contract Labor	4,000	10,000	17,382	(7,382)
Conventions and Travel	3,000	3,000	1,791	1,209
Dues and Subscriptions	2,000	2,000	1,687	313
Equipment Purchases	35,000	60,000	61,003	(1,003)
Grant Expense	-	15,000	3,418	11,582
Inspections	8,000	10,000	7,400	2,600
Insurance	40,000	35,000	47,168	(12,168)
Legal	5,500	12,000	13,613	(1,613)
Land Lease	3,000	3,000	3,043	(43)
Miscellaneous	3,000	7,000	22,794	(15,794)
Office Supplies	3,000	5,000	6,786	(1,786)
Paid Street Culverts	8,000	10,000	11,122	(1,122)
Payroll Taxes	5,000	5,000	4,812	188
Planning and Zoning	-	1,000	1,102	(102)
Postage	2,000	2,000	1,080	920
Repairs and Maintenance	16,000	22,000	21,981	19
Senior Citizens	2,500	2,500	3,297	(797)
Street Repairs	450,000	24,000	32,047	(8,047)
Telephone	5,500	12,000	11,833	167
Trustee Expense	500	500	503	(3)
Uniforms	1,500	1,500	2,604	(1,104)
Utilities	25,000	46,000	45,888	112
Total General Government	\$ 996,000	\$ 659,000	\$ 715,505	\$ (56,505)

Schedule 1 (Continued)

TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Public Safety				
Salaries	\$ 127,300	\$ 155,000	\$ 146,852	\$ 8,148
Employee Insurance and Benefits	60,000	30,000	27,515	2,485
Retirement	-	23,000	21,758	1,242
Payroll Taxes	-	4,000	3,299	701
Police Contract Detail	-	20,000	35,944	(15,944)
Equipment Purchases	6,000	1,600	637	963
Accounting and Auditing	-	8,000	-	8,000
Automobile Repairs	-	10,000	9,892	108
Automobile Insurance	-	14,000	13,157	843
Automobile Purchase	-	-	80	(80)
Building - Office Renovation	-	1,000	495	505
Dues and Subscriptions	-	1,500	1,567	(67)
Evidence Room	-	300	136	164
Gas and Oil	30,250	20,000	15,450	4,550
General Fund Expense	-	100	-	100
Insurance	16,250	22,000	28,553	(6,553)
Grant Expense	25,700	19,000	21,096	(2,096)
Katrina Emergency Fund	-	10,000	-	10,000
Legal Expense	-	3,000	3,635	(635)
Miscellaneous	9,700	2,000	1,750	250
Postage	-	500	145	355
Office Supplies	3,800	3,000	3,656	(656)
Repairs and Maintenance	-	1,000	1,099	(99)
Telephone	3,000	8,000	6,903	1,097
Training	-	3,000	2,244	756
Uniforms	-	2,000	1,872	128
Witness Fees	2,100	-	-	-
Total Public Safety	\$ 284,100	\$ 362,000	\$ 347,735	\$ 14,265

OTHER SUPPLEMENTAL INFORMATION

Other Supplemental Information
Schedule 1

TOWN OF ABITA SPRINGS, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2006

	Mausoleum Special Revenue Fund	Cemetery Special Revenue Fund	Total Non-Major Governmental Funds
Assets			
Cash	\$ 436	\$ 113,290	\$ 113,726
Certificate of Deposit	30,042	-	30,042
Equity in Pooled Cash	3,388	33,073	36,461
Due from Other Funds	1,922	-	1,922
Total Assets	\$ 35,788	\$ 146,363	\$ 182,151
Fund Balance			
Fund Balance			
Unreserved	\$ 35,788	\$ 146,363	\$ 182,151
Total Fund Balance	\$ 35,788	\$ 146,363	\$ 182,151

Other Supplemental Information
Schedule 2

TOWN OF ABITA SPRINGS, LOUISIANA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2006

	Mausoleum Special Revenue Fund	Cemetery Special Revenue Fund	Total Non-Major Governmental Funds
Revenues			
Plot Sales	\$ -	\$ 23,000	\$ 23,000
Other	-	3,250	3,250
Interest Income	1,010	2,240	3,250
Total Revenues	<u>1,010</u>	<u>28,490</u>	<u>29,500</u>
Expenditures			
Cemetery	<u>-</u>	<u>6,376</u>	<u>6,376</u>
Changes in Fund Balances	1,010	22,114	23,124
Fund Balance, Beginning of Year	<u>34,778</u>	<u>124,249</u>	<u>159,027</u>
Fund Balance, End of Year	<u>\$ 35,788</u>	<u>\$ 146,363</u>	<u>\$ 182,151</u>

**Other Supplemental Information
Schedule 3**

**TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
Special Revenue Fund - Cemetery
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Sale of Cemetery Plots	\$ 5,000	\$ 15,000	\$ 23,000	\$ 8,000
Other	-	2,500	3,250	750
Interest Income	-	1,500	2,240	740
Total Revenues	5,000	19,000	28,490	9,490
Expenditures				
Contract Labor	5,000	18,000	6,300	11,700
Miscellaneous Expenses	-	500	30	470
Repairs and Maintenance	-	500	46	454
Total Expenditures	5,000	19,000	6,376	12,624
Change in Fund Balance	\$ -	\$ -	22,114	\$ 22,114
Fund Balance, Beginning of Year			124,249	
Fund Balance, End of Year			\$ 146,363	

Other Supplemental Information
Schedule 4

TOWN OF ABITA SPRINGS, LOUISIANA
Schedule of Compensation Paid to the Members of
the Board of Aldermen
For the Years Ended December 31, 2006

	<u>Term Expires</u>	<u>Compensation</u>
Troy Dugas 72099 Hickory St. Abita Springs, LA 70420 985-892-0575	December 31, 2006	\$5,000
Regina Benton P.O. Box 324 Abita Springs, LA 70420 985-809-9979	December 31, 2006	\$5,000
Patricia Edmiston 73386 Gordon Street Abita Springs, LA 70420 985-809-7393	December 31, 2006	\$5,000
Calvin Cognevich P.O. Box 15 Abita Springs, LA 70420 985-892-0316	December 31, 2006	\$5,000
Jonathan Davis 22364 Level St. Abita Springs, LA 70420 (985) 893-5953	December 31, 2006	\$5,000

SINGLE AUDIT



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Abita Springs, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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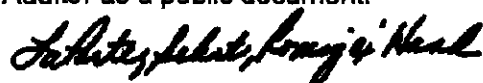
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Abita Springs, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of the Town of Abita Springs, Louisiana, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, likely representing the firm's name, written in a cursive style.

A Professional Accounting Corporation

June 4, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

Compliance

We have audited the compliance of the Town of Abita Springs, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2006. The Town of Abita Springs, Louisiana's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Abita Springs, Louisiana. Our responsibility is to express an opinion on the Town of Abita Springs, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Abita Springs, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Abita Springs, Louisiana's compliance with those requirements.

In our opinion the Town of Abita Springs, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

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Internal Control Over Compliance

The management of the Town of Abita Springs, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Abita Springs, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Abita Springs, Louisiana internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. The Town of Abita Springs, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit The Town of Abita Springs, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and other federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 4, 2007

TOWN OF ABITA SPRINGS, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Number (If Applicable)	Total Grant Award	(Accrued) Deferred Revenue 1/1/2006	Cash Received	Revenue Recognized	Expenditures	(Accrued) Deferred Revenue 12/31/2006
United States Department of Homeland Security Federal Emergency Management Agency Public Assistance Grants - Major Program Community Disaster Loan	97.036 97.030	1603-DR-LA	\$ 4,469,222 100,000	\$ (1,731,088) -	\$ 2,407,303 100,000	\$ 720,515 100,000	\$ 884,058 100,000	\$ (44,300) -
Total			\$ 4,569,222	\$ (1,731,088)	\$ 2,507,303	\$ 820,515	\$ 984,058	\$ (44,300)

Note 1. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the Town of Abita Springs' federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

TOWN OF ABITA SPRINGS, LOUISIANA

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2006

Section 1

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report | Unqualified |
| 2. Compliance and internal control over financial reporting | |
| 1. Material weaknesses identified | None |
| 2. Reportable conditions identified not considered to be material weaknesses | None |
| 3. Noncompliance material to the financial statements noted | None |

Federal Awards

- | | |
|--|--------------------------|
| 1. Internal control over major programs | |
| 1. Material weaknesses identified | None |
| 2. Reportable conditions identified not considered to be material weaknesses | None |
| 2. Type of auditor's report issued on compliance for major program | Unqualified |
| 3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a | None |
| 4. Identification of major programs | |
| 97.036 | Public Assistance Grants |
| 5. Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133, Section 530 | No |

Section 2

Federal Awards Findings and Questioned Costs

None

TOWN OF ABITA SPRINGS, LOUISIANA

**Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2006**

2005-1 Inadequate Pledging of Deposits

This finding has been resolved. The Town has adequate securities pledged.